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C O N F I D E N T I A L SECTION 01 OF 02 BRUSSELS 000775

SIPDIS

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TAGS: [PREL](#) [EAID](#) [ZL](#) [EUN](#) [USEU](#) [BRUSSELS](#)

SUBJECT: EU ENLARGEMENT OFFICIAL ON W. BALKANS

REF: A. (A) CARVER-DICARLO EMAIL 1/29/06

[1B](#). - (B) BRUSSELS 650

Classified By: Political Officer Vincent Carver for reason 1.5 (b/d).

SUMMARY

1. (C) Heather Grabbe, Advisor to Enlargement Commissioner Rehn, and visiting EUR/SCE Director Charles English reviewed the Western Balkans March 1 (English's meeting with EU COWEB Troika reported septel). Grabbe said EU FMs, at their informal "Gymnich" meeting in Salzburg March 10-11, would review visa facilitation, extension of preferential trade conditions, and increased scholarships as inducements for citizens in the Balkans to support EU accession and related reforms. English urged the EU to consider ways to provide Serbia extra inducements and frontload pre-accession assistance. Grabbe noted that Stabilization and Association Agreement (SAA) negotiations with Serbia, scheduled April 5, would be suspended indefinitely absent full cooperation from Belgrade with the ICTY. Full cooperation, she specified, did not mean Mladic's arrest but did mean cooperation that would help lead to Mladic's arrest and transfer to The Hague, as in the Gotovina case. Grabbe opined that Slovenia and Hungary might recognize Montenegro if the vote favoring independence falls in the "grey zone" of between 50 and 55 percent. She said SAA negotiations with BiH were progressing slowly and that the EU had emphasized the need for cooperation with ICTY from all BiH elements. Grabbe urged the U.S. to support a regional free trade agreement in the Balkans. END SUMMARY

GYMNICH: PRACTICAL INDUCEMENTS FOR REGION

2. (C) Grabbe outlined possible EU inducements for the W. Balkans that will be reviewed at the informal EU FMs' meeting ("Gymnich") in Salzburg March 10-11 (ref A). EU FMs will also meet with their Balkan counterparts at the Gymnich. Grabbe said all member states except France are now supportive of a slightly eased visa regime for the region's citizens, that would include visa facilitation for scholars and some students. (Note: France is also calling for an increase in Schengen visa fees from 35 euros to 60 euros). The aim of visa facilitation as well as a plan for increased scholarships for students from the region, Grabbe noted, is to make the European perspective a more tangible benefit and inducement for the citizens of the region to support continued reforms.

3. (C) English asked if the EU planned to provide Serbia extra inducements in light of the Kosovo final status talks. Grabbe said the EU wants to remain consistent and not offer Belgrade "special favors," but rather offer region-wide inducements. That said, given the political circumstances, she acknowledged that the EU might be able to make Serbia a priority. Grabbe added that the EU continues to support combining the 31 bilateral free trade agreements (FTA) in the region into one FTA for the Balkans. This would not only increase trade but also attract foreign investment given a combined market of approximately 20 million consumers. The EU is also considering extending a diagonal cumulation of rules of origin benefits to the Balkans, thereby extending EU preferential trade treatment to more products partially produced in the Balkans. Grabbe urged the U.S. to drop its reservations on a regional FTA. English agreed to raise the issue upon return to Washington.

Sam: EU WANTS FULL COOPERATION WITH ICTY

4. (C) Grabbe noted that the EU, in considering suspension of SAA negotiations with Belgrade, will rely heavily on ICTY Chief Prosecutor del Ponte's judgment and use other sources as well regarding whether Sam is cooperating fully with the ICTY on Mladic. Overall, Sam cooperation with ICTY has deteriorated since 2005 and Rehn has been clear that the EU wants full cooperation or the April 5 round of SAA negotiations will be suspended and will not be resumed until full cooperation is established. Grabbe added that, in the Commission's view, "full cooperation" does not mean the arrest and transfer of Mladic to The Hague, but it does mean providing the intelligence and documentation that would lead to such actions. According to Grabbe, Serbian PM Kostunica indicated to Barroso and Rehn, during their February visit to Belgrade, that he still hoped Mladic would voluntarily

surrender. Grabbe said she viewed this a voluntary surrender an unlikely possibility.

15. (C) Grabbe said that Serbian FM Draskovic, in his meeting with the EU Troika following the GAERC (ref B) February 27, called for NATO to allow SaM to join PfP. This, he stressed, would be a large incentive for the Serbian Army to cooperate on arresting Mladic. English noted that Mladic's transfer to The Hague has been a key condition for NATO's moving forward on PfP for SaM. Grabbe and English agreed on coordinating messages and positions on assistance to Belgrade and ICTY cooperation.

Strategic Partnership with SaM

16. (C) English outlined possible elements of a Western Strategic Partnership with Serbia, including debt relief. Grabbe noted that EU aid to Serbia is already high and near the level accorded candidate countries. The EU, she added, might be able to increase financial assistance after final status is determined for Kosovo as a way to encourage Belgrade's European perspective. English encouraged the EU to explore ways to frontload its assistance programs. Grabbe agreed that the EU could explore providing additional capacity-building programs to help Serbia meet its SAA requirements.

Montenegrin Referendum

17. (C) Grabbe observed that if Montenegro becomes independent, the EU will have to draft a new SAA negotiating mandate for Montenegro and adapt its mandate for Serbia. Both moves would require unanimous approval by member states, but Grabbe said there was not a high likelihood that any member state would oppose such actions. Asked what the EU would do if Montenegrins voted in the "grey zone" of between 50 and 55 percent for independence, Grabbe noted that Slovenia and possibly Hungary would possibly recognize Montenegrin independence.

BiH: SLOW PACE OF SAA NEGOTIATIONS

18. (C) EU SAA negotiations with Sarajevo are progressing slowly, Grabbe said. Barroso clearly underscored to BiH authorities that all of BiH, not just the Republika Srpska, needs to cooperate with ICTY. According to Grabbe, BiH is not providing ICTY with needed evidence and documents.

19. (U) EUR/SCE Director English has cleared this message.
GRAY

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